

IOWA RACING AND GAMING COMMISSION  
MINUTES  
JULY 14, 2016

The Iowa Racing and Gaming Commission (IRGC) met on Thursday, July 14, 2016 at the Holiday Inn and Suites at Jordan Creek, West Des Moines, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and Rich Arnold and Kris Kramer. Dolores Mertz was absent.

Chair Lamberti called the meeting to order at 8:30 AM, and requested a motion to approve the agenda. Commissioner Kramer moved to approve the agenda as submitted. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the approval of the minutes from the June 9, 2016 meeting and requested a motion. Commissioner Arnold moved to approve the minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to announcements and called on Brian Ohorilko, Administrator of IRGC. Mr. Ohorilko provided the following information regarding future Commission meetings:

- August 18, 2016 – Grand Falls Casino & Resort, Larchwood (Submissions due by August 4, 2016)
- October 13, 2016 – Rhythm City Casino, Davenport (Submissions due by September 29, 2016)
- November 17, 2016 – Honey Creek Resort, Moravia (Submissions due by November 2, 2016)

Mr. Ohorilko introduced Brian Bappe, an intern from Drake University Law School. He has been working on some of the national racing initiatives.

Chair Lamberti moved to the proposed rules being submitted under Notice of Intended Action. Mr. Ohorilko advised the rule package before the Commission is the result of House File 2445, the legislation authorizing a tax credit for promotional play receipts once a set amount of promotional play credits have been redeemed. He stated the rules establish a method for how the threshold will be calculated and how the credit will be received. Mr. Ohorilko stated staff has worked with the industry on the rules, and believes there is a consensus. He requested approval of the Notice of Intended Action on the proposed rules.

Hearing no comments or questions concerning the proposed rules, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the Notice of Intended Action regarding the proposed rules. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the Shelf Application for Approval of Debt Transaction from Diamond Jo, LLC and Diamond Jo Worth, LLC. Tina Eick, legal counsel, was present to address any questions concerning the shelf applications.

Chair Lamberti noted the applications were straight-forward. Hearing no comments or questions, he requested a motion to approve the shelf applications. Commissioner Kramer moved to approve the shelf applications as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the presentation from SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City regarding their expansion project. Todd Moyer, General Manager, noted it was approximately two years ago that the facility opened, and now they are seeking approval to expand the property. The expansion will allow for the addition of gaming units plus a whole new experience. He went through the power point presentation, noting the boutique hotel was in the historic renovated Battery Building, and the gaming floor was added on. They plan to add 7,800 square feet of space to the east if the Commission approves the project. Mr. Moyer indicated approximately 20 parking spaces would be lost. They are adding some offices behind the radio broadcast center for the player's club and casino host. The existing casino will be expanded to the south which will house a high limit gaming area with black jack tables and 40 slot machines, a relaxation lounge, dining tables and a full-service kitchen. The wine bar will offer 125 different labels and have 600 bottles of wine available. Some wines will also be available by the glass.

Mr. Moyer advised the project is estimated at \$6.5 million; and they are utilizing a Sioux City contractor. He noted that past visitors to the property have mentioned a wine bar, and he feels the addition of the wine bar will create a destination bar area and unique experience at the facility. The east side addition will add to the curb appeal of the facility. Mr. Moyer requested the Commission's approval of the expansion project, noting it has received unanimous approval from the Planning & Zoning Commission in Sioux City and the City Council and Mayor.

Chair Lamberti stated the Commission is happy everything is going well at the property, and the market is growing, which confirms their belief when they selected the project. Hearing no further comments or questions concerning the expansion project, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the expansion project as submitted by SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approval portion of the agenda, and called on SCE Partners, LLC d/b/a Hard Rock Hotel & Casino Sioux City. Mr. Moyer presented the following contracts for Commission approval:

- Beyond Productions, Inc. – Entertainment Act
- Buzz Analytics Group, LLC – Marketing Consultation (RP)
- Buzz Entertainment Group, LLC – Talent Agent (RP)
- Penguins Entertainment Management – Talent Agent

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by SCE Partners, LLC d/b/a

Hard Rock Hotel & Casino Sioux City. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Grand Falls Casino Resort, LLC (GFCR). Joe Massa, Chief Operating Officer for Elite Casino Resorts, LLC, presented a contract with Wessels Oil Co. for propane gas for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the contract as submitted by GFCR. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Casino, LLC (DJ). Wendy Runde, General Manager, presented the following contracts for Commission approval:

- 7G Distributing – Beer Distributor
- Beecher Company Inc. – Beverage Distributor
- Coca-Cola Bottling Company – Beverage Purveyor
- Global Payments Gaming Services, Inc. – Check Guarantee Service
- Lamar Advertising – Billboard Advertising
- Matthews Distributing – Beverage Purveyor
- Penguins Entertainment Management – Entertainment
- Platinum Holdings LLC – Lodging at the Grand Harbor Resort & Waterpark
- Radio Dubuque – Radio Advertising
- Reinhart Foods – Food and Beverage Purveyor; Paper Products
- Rockford Charter – Motorcoach Transportation
- Sysco Foods – Food and Beverage Purveyor; Paper Products
- Telegraph Herald – Newspaper Advertising
- Straka Johnson Architects – Architects
- Doctor's Associates, Inc. – Contract to Operate a Subway Restaurant

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DJ. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Diamond Jo Worth, LLC (DJW). Kim Pang, General Manager, submitted the following contracts for Commission approval:

- A H Hemel – Cigarettes for Casino and Cigarettes and Grocery Items for Convenience Store
- Julseth Farm LLC – Exercising Option to Purchase Land Casino has been Leasing
- Kabrick Distributing – Beer Products
- Martin Bros. Distributing – Food, Paper Supplies, Smallwares, and Equipment
- Reinhart Food Service – Food, Non-Alcoholic Beverages, Paper Supplies, Smallwares, and Equipment

- Worth County Hospitality – Comped Hotel Rooms for Players and Hotel Rooms for Company Personnel Visiting the Property

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contracts as submitted by DJW. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Isle of Capri Marquette, Inc. d/b/a Lady Luck Casino (LLC). Don Ostert, General Manager, presented the following contracts for Commission approval:

- Coca Cola Bottling Enterprises, Mid-West Division – Provider of Coca Cola Beverages
- Farner-Bocken Company – Pre-Packaged Retail Convenience Store Items for Snack Bar
- Global Payments – Check Guarantee Service Provider
- Global Payments Gaming Services, Inc. – Processing Agreement Providing a Quasi-Cash Advance Service
- King Food Services, Inc. – Food Supplier
- Lithographic Communications, LLC – Direct Mail Vendor
- Wells Fargo – Company Credit Cards

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by LLC. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented a contract with King Food Service for the purchase of meat and seafood for Commission approval.

Hearing no comments or questions concerning the contract, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the contract as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti moved to the review of the financial audits of the horsemen's organizations, and called on The Iowa HBPA, Inc. and The Iowa HBPA Benevolent Trust. Warren Bush, Vice President, advised the organization has two separate audits as the HBPA wears two hats – the HBPA itself to negotiate contracts on behalf of the horsemen and representing the horsemen in any matters arising from the Interstate Horseracing Act. The other hat is the benevolent side; funds are used to benefit the horsemen and for the help on the backside of the racetrack for medical, dental, etc. Mr. Bush advised both audits were clean.

Hearing no comments or questions concerning the audit, Chair Lamberti called on the Iowa Quarter Horse Racing Enterprises, Inc. d/b/a Iowa Quarter Horse Racing Association. Chris Hovey, Secretary, and Troi Mulford, Treasurer, were present to address the financial. Ms. Hovey stated that in 2015, in addition to sponsoring their regular race meet, they held the Stallion Service Auction, held a Youth Day to help youth learn about racing and horsemanship as well as awarding scholarship funds. They held an All American party for trainers, owners and

members and backside employees. A backside picnic is also held for trainers, employees and members. Ms. Hovey noted funds have been donated to the ITBOA for the promotion campaign established by that organization.

Hearing no comments or questions concerning the audit, Chair Lamberti called on the Iowa Harness Racing Association. Royal Roland was present to address the audit. Mr. Roland stated harness racing in Iowa was on solid footing. The number of foals has remained steady, and the number of horses racing has increased slightly. He noted the organization is seeing interest from individuals in other states wanting to purchase Iowa-registered horses and competing in Iowa. Mr. Roland stated the organization paid out approximately \$1.4 million in purses last year with 98% going to owners of Iowa-bred horses.

Hearing no comments or questions concerning the audit, Chair Lamberti moved to the Greyhound Cessation Hardship claims and called on Richard Barrett. Mr. Barrett advised he was employed by Sports View Technologies as an operator/technician at Bluffs Run Racetrack from February 7, 2006 to January 2, 2016. He was set to take over his boss' position when he left; however, the track closed and the company did not have another position available for him. He indicated he did not have a lot of debt. He has attempted to find a similar job without success; a shortage of jobs in the area is making it difficult to locate another position. He noted that most of the equipment he is familiar with through Sport View is no longer used. Mr. Barrett indicated he does not have a college degree. He has taken a retail position over the last few months at approximately 75% of his previous salary.

Chair Lamberti called for questions. Chair Lamberti clarified it was his understanding that Mr. Barrett has recently found a job. Mr. Barrett answered in the affirmative, but indicated he was still trying to find something in his field. He noted he utilized his savings account and unemployment benefits to pay his bills since the closure of the track.

Chair Lamberti noted Commission staff had confirmed through investigation that his position was eliminated as a result of the cessation of greyhound racing and that Sport View confirmed there were no other positions available within the company. Chair Lamberti advised there was not a significant amount of guidance as to how the Commission should determine if there is a hardship, and if so, what the appropriate payment should be. The Commission is making their decision on a case-by-case basis, and is doing the best they can.

Chair Lamberti stated he believes Mr. Barrett has suffered a hardship directly related to the cessation of greyhound racing at Bluffs Run and that it falls within the criteria the Commission was looking for on a hardship. Chair Lamberti made a motion to approve the hardship claim in the amount of \$30,000. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Davyana Haverty. Ms. Haverty stated that due to the closing of the Bluffs Run racetrack she has lost the means to help pay for her college education; and funds set aside by her parents are now being utilized to cover daily expenses. She indicated she worked full-time in the family operation as a kennel helper. She noted that while a kennel helper has the

same duties as an assistant trainer; kennel helpers were not included as a classification for greyhound racing cessation funds. Ms. Haverty stated the closure of the racetrack has put a college education beyond her reach. She noted that her parents and others were told by the Iowa Greyhound Association that education funds would be set aside for those who wanted to go to college; however, the fund never materialized. Ms. Haverty stated she has been accepted at Iowa State as well as the University of Arizona.

Chair Lamberti called for any questions. Chair Lamberti asked Ms. Haverty if she has attempted to find other work since the closure of the racetrack. Ms. Haverty answered in the affirmative, indicating she applied at local grocery stores, Starbucks, etc., but stated jobs in Council Bluffs are really thin or have been filled by other teenagers.

Hearing no further comments or questions, Chair Lamberti stated everyone heard his previous comments regarding the determination of what is and is not a hardship within the scope of what has been presented. He indicated he was aware of discussions concerning college funding when the legislation was being discussed, but it ultimately was not included in the legislation. Chair Lamberti stated that as he reviewed her previous earnings, the opportunity to obtain other jobs that could replace the lost income, and the admirable goal of attending college debt-free, he does not feel that is within the contemplation of the hardship fund established. Chair Lamberti moved to deny Ms. Haverty's hardship claim. Commissioner Heinrich seconded the motion, which carried unanimously.

Davina Filipelli, Ms. Haverty's mother, stated she felt the Commission was biased in their decision due to the fact Ms. Haverty's family has litigation with the IRGC; that it was a sad decision to make. She questioned where else a 17-year old would find employment that would pay \$500 per week. Ms. Filipelli stated that if Ms. Haverty still had her job, and they still had their greyhound business, which provided a very good income, they would have been able to pay for her college. She stated the hardship fund was set up for hardships, and this is truly a hardship.

Chair Lamberti advised Ms. Filipelli her comments would be included in the record.

As there was no public comment, Chair Lamberti moved to Administrative Business. Mr. Ohorilko noted that Jeff Lamberti has served as Chair of the Commission from July 12, 2012 through the present; and has led the Commission through some of the most challenging circumstances in the Commission's recent history. There were disputes between for-profit and non-profit partners; applications for new gaming licenses; competing applications to conduct various studies on behalf of the Commission; bankruptcies; legislation that permitted the cessation of greyhound racing at racetracks and distribution of funds to stakeholders, and much more. Mr. Ohorilko stated there were meetings, such as this one; meetings with staff, mayors and other public officials, non-profit operators, casino executives, attorneys, horsemen, greyhound participants, and calls from the media and individuals from the general public interested in the racing and gaming industry in the State of Iowa. Mr. Ohorilko stated Chair Lamberti gave his best effort to talk to everyone that wanted his time, all while maintaining his full-time career and participating on other non-profit boards within the community. He called

Chair Lamberti a true public servant in the State of Iowa; and expressed his gratitude for having the opportunity to work closely with him during his time as the Administrator. Mr. Ohorilko presented Mr. Lamberti with a plaque which read: "In Appreciation of your Service as Chair of the Iowa Racing and Gaming Commission from July 12, 2012 through July 14, 2016.

Chair Lamberti stated it has been an interesting four years, and at times, he felt the time went slowly because of everything that was taking place, but indicated the time went quickly. He stated he was pleased with where the racing and gaming industry is at this time, and the various issues the Commission has dealt with and will move forward with better footing. Chair Lamberti stated everything was a result of the great members of the Commission that he has had the opportunity to work with. He noted everyone has had a lot on their plate at various times. He stated this is an opportunity that not many people get, and some would question why anyone would want to do it; but it is an opportunity to serve and he is appreciative of the opportunity to do so. Having said that, Chair Lamberti indicated he is ready to turn the gavel over to someone else.

Chair Lamberti moved to the election of the chair and vice chair for the upcoming fiscal year. Commissioner Heinrich moved to nominate Rich Arnold as Chair and Kris Kramer as Vice Chair. Chair Lamberti seconded the motion, which carried unanimously.

Hearing no further business to come before the Commission, Chair Lamberti called for a motion to adjourn. Commissioner Kramer so moved. Commissioner Arnold seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

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JULIE D. HERRICK